February 7, 2025

National Stock Exchange of India Limited
"Exchange Plaza", 5th Floor,
Plot No.C/1, G Block
Bandra-Kurla Complex
Bandra (East), Mumbai 400051
NSE Symbol : SHRIPISTON

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400001

BSE Scrip code : 544344

Sub: Transcripts of the "Earnings Conference Call" - Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

Dear Madam/Sir,

With reference to the captioned matter and in furtherance to our earlier intimation letters dated January 27, 2025, and February 3, 2025, regarding the schedule, investor presentation, press release and Audio Recordings of the "Earnings Conference Call" of Shriram Pistons & Rings Limited ("Company") and in compliance with Regulation 30(6) read with Schedule III and other applicable provisions of the SEBI Listing Regulations, please find enclosed the transcripts of the "Earnings Conference Call" on Unaudited Financial Results for the quarter and nine months ended December 31, 2024, held on Monday, February 3, 2025 at 5:45 p.m. (IST).

The above information is also available on the Company's website and can be accessed at https://shrirampistons.com.

Kindly take the above information on record and treat this as compliance with SEBI Listing Regulations.

Thanking you.

Yours faithfully,

For **Shriram Pistons & Rings Limited**

PANKAJ GUPTA
Digitally signed by PANKAJ GUPTA
Date: 2025.02.07 12:12:07 +05'30'

(Pankaj Gupta)
Company Secretary & Compliance Officer
ICSI M. No.: F4647

SHRIRAM PISTONS & RINGS LTD.

"Shriram Pistons & Rings Limited
Q3 & 9M FY25 Earnings Conference Call"
February 03, 2025

SHRIRAM PISTONS & RINGS LTD.

MANAGEMENT: **MR. KRISHNAKUMAR SRINIVASAN** – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER
MR. PREM RATHI – EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER
MR. PANKAJ GUPTA – DEPUTY EXECUTIVE DIRECTOR, HEAD, LEGAL AND COMPANY SECRETARY

Moderator: Ladies and gentlemen, good day, and welcome to the Shriram Pistons & Rings Limited Q3 & 9M FY '25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

Today from the management, we have with us Mr. Krishnakumar Srinivasan, Managing Director and Chief Executive Officer; Mr. Prem Rathi, Executive Director and Chief Financial Officer; and Mr. Pankaj Gupta, Deputy Executive Director, Head Legal and Company Secretary.

Before we begin, let me remind you that this discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties and other factors. It may be viewed in conjunction with the business risks that could cause future results, performance or achievements to differ significantly from what is expressed or implied by such forward-looking statements.

I now hand the conference over to Mr. Krishnakumar Srinivasan for his opening remarks, post which we will open the floor for an interactive Q&A session.

Thank you, and over to you, sir.

Krishnakumar Srinivasan: A very good evening to everyone. On behalf of the Company, I would like to thank each one of you for joining our Q3 & 9M FY '25 Earnings Call. Our financial results, investor presentation and press release have been uploaded on the Company's website and the Stock Exchange, and we hope you have all had the opportunity to go through the same.

Q3 & 9M FY '25 have again been a milestone quarter and nine-month period for the Company as we delivered our highest ever numbers as compared to the previous third quarter and the nine-month periods of the previous years. Our consolidated total income grew by 11.5% year-on-year in Q3FY '25 to reach INR 8,751 million and 15.3% year-on-year in 9MFY '25 to reach INR 26,454 million. We have continued to outperform the industry, which grew by low single-digit figure this quarter on an overall basis.

The EBITDA and PAT too have recorded the highest ever numbers in Q3 and the 9M FY '25 period. Our performance is a testament to our leading market position as well as our team's consistent efforts towards achieving long-term success and ever outgrowing the market.

In terms of the industry in the 9 month period, passenger vehicles has recorded a muted performance despite attractive year-end discounts offered by the OEMs. The highest volume segment, which is the two-wheeler segment continued to grow in double digits. The commercial vehicles and the three-wheeler industry remained flat as compared to the previous year.

Thus, we are continuing to outperform all the end segments of the auto industry in this quarter as well. Furthermore, during the quarter, the EV penetration has also not been very good.

We have been consistently communicating with you about our overall strategy to further diversify our business model, and we have taken a very positive step in this regard. During this quarter, as we had talked in the investor call that we did immediately after the acquisition of TGPEL. We acquired a 100% stake in TGPEL Precision Engineering Limited, which is into the business of manufacturing precision plastic injection molds and precision molded components for the automotive, electrical, consumer goods and medical sector, and has two state-of-the-art manufacturing facilities in Noida in Uttar Pradesh.

They have advanced capabilities for design, development and production of high-tech precision molds and components. Some of the clientele of TGPEL includes Continental, Motherson, Denso, Asahi India Glass, Havells, Dabur, Kohler, Gillette, Schaeffler, Nidec and many more.

And as you can see from the customer list, this acquisition will completely complement our previous acquisition of SPR Takahata very well, which is also into the manufacturing of precision injection molded parts and molds for the automobile sector.

Coming back to our standalone business, our exports continue to face some pressure given the geopolitical tensions, high volatility in the freight rates, high energy costs especially in Europe, leading to slowdown in the European markets and other Middle East and South American markets. However, notwithstanding the above, we expect these markets to recover and come back to their original levels in the medium term soon.

Even in the domestic market, we are positive of the long-term direction of the Indian industry and are confident that the short-term situation will correct in the near term given the push from the government as well as the major transition towards greener alternatives like the electric vehicles and alternate fuel solutions like hybrid, hydrogen, Compressed Natural Gas, HCNG applications, LNG applications, flex fuel applications and biofuel applications.

Indian government has created momentum through Faster Adoption and Manufacturing of Hybrid and Electric Vehicles scheme, which is the FAME scheme as it is shortly called and keeping a very aggressive target of 30% new electric vehicles sales contribution by 2030 with a push from infrastructure and manufacturing expansion. This approach is expected to achieve cost improvements over the long term and create a broader market spectrum, wherein all the powertrain technologies will co-exist with a greater push towards the greener solutions.

This drive will push the component manufacturers to give further enhanced solutions to meet the above environmental norms, thereby pushing the boundaries of the existing technology solution. So as we say every time, we expect all the powertrain technologies to coexist because even if we take a muted 6% to 7% average CAGR growth of the auto industry in the next 5 years till 2030, we expect a growth of almost close to 40%, whereas the penetration of EV is 30%, which means there will be more IC engines made in 2030 as compared to what it's made today.

While the industry continues to grow, we are confident that our Company is well positioned to capitalize on all the growth opportunities that we foresee across all segments of the business. The broadening of product offering enables us not only to strengthen the tech-backed components for all powertrain solutions for automotive and also for various nonautomotive solutions like gensets, railway applications, defence applications, snowmobile applications mainly for our exports, lawn mower applications also for exports, compressor applications, braking applications, etcetera. We will continue to work on crafting business strategies to navigate through the dynamic market conditions. We are focused on delivering sustained growth in both the top line and bottom line as we have been delivering over the last many years.

Now I will just quickly take you through the key financial highlights for the quarter, beginning with our consolidated performance.

Our Company has registered a year-on-year growth of 11.5% in total income to INR 8,751 million for the quarter from INR 7,850 million reported in Q3FY '24. Similarly, our EBITDA increased by 9.6% year-on-year to INR 1,978 million in Q3FY '25 from INR 1,806 million reported in Q3FY '24. Our EBITDA margin stood at 22.6% during Q3 FY '25.

The profit after tax for Q3 FY '25 witnessed 12.3% year-on-year increase, amounting to INR 1,210 million as against INR 1,078 million in Q3FY '24. Our cash PAT for Q3FY '25 stood at INR 1,518 million as compared to INR 1,367 million in Q3 FY '24, representing a growth of 11.0% year-on-year.

For the 9MFY '25 period, total income registered a growth of 15.3% to INR 26,454 million from INR 22,951 million in 9MFY'24. EBITDA during this period stood at INR 5,979 million, registering a year-on-year growth of 13.6% over INR 5,264 million reported in the 9MFY '24. Our EBITDA margins during the 9M FY '25 was at 22.6%.

Profit after tax grew by 13% year-on-year to INR 3,640 million from INR 3,222 million in the 9MFY '24. Similarly, the total cash PAT for 9MFY '25 witnessed a growth of 14.9% year-on-year to INR 4,554 million as against INR 3,964 million in the 9MFY '24 period.

So standalone performance basis of SPRL. The total income recorded a year-on-year growth of 9.4% during the quarter to INR 7,956 million from INR 7,271 million reported in Q3FY '24 and on the backdrop of the market growth of an average of around somewhere close to 6%.

EBITDA saw 8.8% year-on-year growth to INR 1,889 million in Q3FY '25 as compared to INR 1,736 million in Q3FY '24. The EBITDA margin stood at 23.7% during the quarter. The profit after tax witnessed a growth of 11.3% year-on-year, reaching INR 1,204 million during Q3FY '25 from INR 1,082 million reported in Q3FY '24. Our PAT margins improved by 25 basis points to 15.1% as compared to 14.9% in the same period of the previous fiscal. And similarly, our cash PAT for Q3FY '25 stood at INR 1,421 million compared to INR 1,310 million in Q3FY '24, representing a growth of 8.5% year-on-year.

So, for the total 9M period, the total income witnessed a growth of 7.7% to INR 24,041 million from INR 22,321 million during the 9M FY '24.

EBITDA was reported at INR 5,654 million in 9MFY '25 as against INR 5,208 million in the same period last year. The EBITDA margins for the 9M FY '25 is slightly higher at 23.5% as against the 23.3% of 9M FY '24 last year. Profit after tax for the period was at INR 3,593 million, up by 10.1% year-on-year from INR 3,262 million in the 9M FY '24.

And profit after tax margin for the 9MFY '25 improved by 33 basis points at 14.9% as against 14.6% in 9MFY '24. The cash PAT stood at INR 4,236 million as compared to INR 3,912 million, again, registering an 8.3% year-on-year growth.

So, as you would see from both the results, the consolidated as well as the standalone results, overall, our Company continues to register a very robust performance in all aspects across all segments.

Also, I am happy to state that looking at the improved performance of the company, the Board has continued with its policy to reward all our esteemed shareholders with an interim dividend of 50% of the face value of INR10 per share, that is INR5 per equity share.

With this, I come to the end of my talk, and I would request Alaric to open the floor for any questions that you may have. I thank you once again for taking out the time during this evening and coming into this call. Really appreciate that. Thank you.

Moderator: The first question is from the line of Rushabh Shah from Buglerock PMS.

Rushabh Shah: I have two questions. Your focus on improved sales was penetrating into newer markets in the aftermarket and exports. So how have you progressed on those lines?

Krishnakumar Srinivasan: Okay. So yes. So see, we have always continued to penetrate the aftermarkets. And as I said, exports, it has been a little tough, primarily because exports markets have got affected because of the geopolitical situation. But as far as the domestic market is concerned, we have actually grown our domestic aftermarket, and we have been able to improve on our touch points that we have.

And across the country, we have over 1,200 touch points now and all the touch points have actually improved our visibility in the market. And we have been able to actually penetrate very well in the aftermarket. So that is continuing. And I think as an overall progress, aftermarket has been one of the good stories this year so far.

Rushabh Shah: Just a follow-up on this one. You said that you have penetrating into newer markets. So could you please tell me which newer markets you have entered in the past few years?

Krishnakumar Srinivasan: There are two ways of looking at the newer markets. One is from a market perspective overall and one is from a product perspective in the aftermarket. In the aftermarket, we have introduced some of the very important products, which complement our overall piston, rings and valve business because now, for example, the connecting rods that are required because every time the engine is open, the connecting rod has to be changed if the piston requires a change or if the whole this thing has to be changed to ensure that the performance is really good as original.

So we have started combining all those and trying to give this as a package. And so we have started supplying the con rods. We have started supplying a couple of other related products like the valve seats, the valve guides and other things along with this thing with a very clear focus on growing the overall, what should I say, the packaged business of bringing all these parts together. So that's really helping us, number one.

Number two, as far as the newer business areas are concerned, we are looking at within the country, we have multiple areas. It runs into figures that we have gone into different cities, newer contact points and other things, right starting from Assam to all the way down right up to Kerala, almost at every places, including both geographically as well as ensuring that we are able to cater to those businesses in those markets. The supply chain is extremely important in such a case. So we have actually strengthened our supply chain distribution channel, and we are able to cater to those demands that are coming from these markets.

Rushabh Shah: Okay. My second question is, since you don't give a breakup of your revenue, could you please mention the names of your competitor in this business as well as your EV business like for hydrogen pistons, who else are there in your business?

Krishnakumar Srinivasan: Yes. So hydrogen pistons, as I said, is a new development. There are at least 3 customers with whom our product is under advanced field trials. It's a huge development, and it will take a lot of time with regards to the development fructifying into overall business case. Because that the OEM has to do a lot of other things to be able to make it successful, like ensuring that the hydrogen, most of the customers now realized that they have to keep the hydrogen at the high pressure. So the safety requirements of the vehicle really has to be looked into multiple times.

And then we have to have at least three redundancy factors in the safety aspect, and at the same time, there are factors like the hydrogen embrittlement and other things that comes into play, which has to be tackled. So there are a lot of developments that are happening across these areas based on all the field trials and other areas that we are working on.

So I think it will be a huge development, but it is progressing quite very well with all the customers. And I think as compared to some based on our discussion with our partners, as compared to other countries, I think India has taken a big lead on the development of hydrogen as a fuel. And I think we are progressing very well, thanks to the Reliance Network as well as all the customers working with Reliance.

Rushabh Shah: Could it be your competitors also?

Krishnakumar Srinivasan: Pardon me?

Rushabh Shah: Would you name your competitors?

Krishnakumar Srinivasan: No, we don't name our competitors, sorry.

Moderator: The next question comes from the line of Chirag Jain from Emkay Global.

Chirag Jain: So just wanted to know, in this quarter, the gap between our standalone and consol revenue growth has actually narrowed down to just about 2% compared to about 8% to 10% that we did in the first 2 quarters. So how do we see the EV powertrain and the plastic injection molding business shaping up over the next 2, 3 years? If you can share some thoughts, that would be very useful?

Krishnakumar Srinivasan: Yes. So basically, the reason for this is not because the other group companies have not done the business. Last quarter, we had the beginning of the Takahata business, which was fructified in the October of last year. So we got the advantage of the quarter-on-quarter this thing. But otherwise, from this quarter to the next quarter, you will not see that massive change because that was already recorded in '24. So that's why it's only a base effect that is leading to this.

But coming back to your second part of the question in terms of how our other businesses are doing, they are actually progressing quite well. They're in line with their budgets, and all the businesses are outgrowing their markets in terms of the growth. And if we have an average growth of about 3% to 5%, we are on an average, outgrowing the 100% in all our businesses.

Chirag Jain: Okay. And very specifically on the EV powertrain business, would you share some update with respect to the new plant? And how, let's say, the new order wins are shaping up over there?

Krishnakumar Srinivasan: Yes, certainly. There are massive actions that have happened in this quarter as far as the EV plant is concerned. One is that we are probably one of the very few suppliers in India to get the ICAT approval and the PM E-drive approval on both our motors and controllers, which required a minimum level of localization. So we are probably the only one who have been able to demonstrate the complete localization to the ICAT authorities and being able to get the approval from them so that all our customers will be able to get the same subsidy. That's point number one.

Point number two, we have already, as you might have seen in the market, the new vehicle that was launched by Ampere is with our hub motors and controllers. And that's one of the reasons how Ampere has been able to meet the targets in terms of the target levels of costs and price at which they have launched the vehicle. And we have many other customers which are in the fold, which the moment the vehicles are released, I think I'll be in a position to release the names of those customers. But to tell you very frankly, I think we have to start looking at further expanding our facilities. That much I can tell you.

Chirag Jain: Okay. If you can share some thoughts, how much would be the revenue potential in the EV powertrain business that we are setting up in the current phase?

Krishnakumar Srinivasan: Well, it's again a forward-looking statement, very difficult to give, Chirag, but I can only give you an answer in a manner that if you are looking at just the motorcycles and we are looking at 3 million or 4 million vehicles to be made and less than 2 million motors that can be supplied as of today with regards to all the capacities that are available, we have a huge potential for growth as far as the value is concerned.

Moderator: The next question is from the line of Vaibhav Shah from DSP Mutual Fund.

Vaibhav Shah: Congratulations, sir, on a decent set of numbers. My first question is generally from a medium-term perspective. We hear light weighting as a key trend within the automotive space. And given that now we have focused a lot in terms of plastic precision in injection molding as a segment, could you talk about some of the products or the offerings that you have in terms of substitution, which is happening from metal to a plastic components?

How are you looking in terms of this segment? We have the Takahata addition and the TGPEL addition -- any sort of revenue potential that you are looking combined with these 2 businesses.

Krishnakumar Srinivasan: Yes. So thanks for the question, Vaibhav. So basically, let me explain our plastic injection molding business. Our plastic injection molding business is basically precision plastic injection molding components. We don't go behind run-of-the-mill items or items which goes into major, positions in the front bonnets the front-end portions of the vehicle car segments and other things. The products that we make are products which go into Tier 1 suppliers, and it goes as more as the components for internals fitments, like, for example, the steering gear that is required inside of steering gear pump and the steering column.

Now this is a gear which requires precision metal injection molding along with insert molding. And it requires a lot of stabilization of the teeth of the gears and other things to maintain stability of the thickness and stability of the overall performance. Now, those kind of products are the ones that we make. We make products for specific injection requirements.

We make products for seat belt requirements. We make products for airbag requirements. We make products for braking requirements. We make products for trim components. There are also some 2K components that are required for A pillar, B pillar parts, which also we make in very specific sizes.

We make products which goes into chain drive systems and things like that, which requires very high precision and stability of profile maintenance. Now all this requires a very special kind of engineering and technology, and that's what we get from both the Timex Group as well as the Takahata business. And that positions us well to be in a very specific area. We don't really go behind mass weight segment reduction, weight reduction components, like replacing some steel into plastic or aluminum parts into plastic.

We are not normally going into that because our components are all very small components, which goes inside some of the subassemblies and parts. So that's point number one. But notwithstanding that, we certainly make certain parts, which also goes into EV applications, for example, stability of the overall, what should I call it as the ECU housing, which requires not only cooling as well as it requires a lot of stability of the wall thickness.

Now that is a big component, which is replacing many of the steel. The steel parts that were being used gets replaced now with these parts if we are able to deliver those stable conditions. And we have already demonstrated that our parts have been applicated already. We are already working with some customers to work on this and give them the positions.

So there are many, many such components which goes into these kind of applications. So that's where we stand as far as -- so that is why we are able to command a very high technology cost for these components, and we are able to maintain our margins.

Vaibhav Shah: Sure, sir. This is very helpful. Could you also talk about some specific details in this plastic injection molding business that we have in terms of overall market share that we currently -- in the alternative offering side? What's the average?

Krishnakumar Srinivasan: We don't normally give our market share figures, but I can only tell you that with two of the major companies, which are now under our fold and making the precision plastic engine parts, our market share is really very good in the market today.

Vaibhav Shah: Sure, sir. And would you also be able to share some details in terms of average content that the battery give with each standard two-wheeler or four-wheeler thing? Is it a material sizable opportunity over next, say, 3 to 5 years, the average ASP value offerings that we can give to Takahata plus TGPEL, could it be substantially higher case value offerings that can grow faster over a number whatever growth we are anticipating from this business?

Krishnakumar Srinivasan: Yes. See, basically, the way I look at it is these components as newer vehicles are coming into picture, as new EV vehicles are coming into picture, there are many areas which require very high amount of precision injection molded parts. And many of these parts earlier have been made with metal parts because of the maintenance of the stability and maintaining the tolerances. Now as we are able to make it through injection molding and also give the required life, it is getting replaced by these parts.

And most of these parts are actually -- we are working on multiple areas of replacements of such components. And these are all getting developed for various customers, including many, many, many EV components, EV manufacturers, in terms of the kind of fuse boxes, the kind of components that goes into the fuse boxes, even components, which are going into the shadow more chargers and others, there are a lot of intricate parts, which are going into those chargers, which are getting applicated with very precision high injection molding parts. So those are the areas that we are working on.

There are also many 2K, 3K components, as we call it, 2K, 3K injection molding components that is required by our customers on which the Company is working on today. So that's the kind of picture I can give you at this stage. To give you exact content per vehicle will become very difficult because we ourselves have not done a very detailed exercise because many of these things are still work in progress today.

Vaibhav Shah: Sure, sir. I appreciate that update on this division. My second question is regarding exports. And this is a little bit premature to ask. But as of FY '24, our North America exposure was somewhere around 12% to 15%. Has any of the customers found it out any impact due to this types related segment issue, which can come up? And would we be open to say, investing into some manufacturing presence from that geography? Or do we continue to export to some areas? Any view on this update?

Krishnakumar Srinivasan: Well, the view on this is our exports to America will continue and our customers are clear on this that it's not easy for some of those parts which have been developed to again get it developed in those regions and then get it approved through a very detailed validation that is required. The validation programs itself run for over one year on the engine component. So it requires a lot of development and validation and it requires a lot of money to be invested upfront.

And I don't think all this is going to happen. And India, the exports from India are going to continue, and I don't think that will get affected in a big way. In fact, if at all, it helps I think the exports are only going to increase because of all the other actions that are being taken geopolitically by the governments there. And we expect that to be actually incremental to us in some way or the other. We are already discussing this. And the overall U.S. NCA rules that were formulated is already in a kind of a flux because of the tariffs that have been applied by U.S. on Mexico and Canada.

Vaibhav Shah: Sure, sir. I have a third and final question very quickly on our revenue by customer segment. So 2 parts to the question. Any outlook in terms of our nonautomotive revenue share, which was close to 3 odd percent as of FY '24. How should we think this contribution going up in the next 1 to 2 years, given that now we also have TGPEL, which has a lot of nonautomotive exposure again over here. So any perspective in terms of our revenue share contribution from non-auto?

And second is, I just want to understand from a pistons and piston rings perspective, the aftermarket share in this business is significantly higher, right, close to 27% or 30 odd percent of our revenue. Now when I compare to other automotive products like say, suspension or other engine products, the aftermarket segment is not that very high. So could you give some perspective in terms of how the aftermarket is placed out of here some insight into how this market is growing.

And I understand that profitability will be good in this aftermarket segment as well. So if the segment's contribution continues to go up, any view in terms of EBITDA margins that we do has that more scope of our improvement going forward as well?

Krishnakumar Srinivasan: Well, basically, our aftermarket will continue to grow, primarily because the requirements of whenever the engine goes for an overhaul, piston, the piston pin, the piston rings, the valves everything has got to be changed during the overhaul. And that requires is a good amount of this thing. And there are a number of overhauling exercises that happen across India. And we are having a fairly good position in terms of the market fill rates, as we call it, in terms of the requirements across all touch points in the country.

And we have really grown that touch points, and we have invested heavily over the last many years, and that's giving us good results in terms of ensuring that our products are all available across multiple markets in the country and across each and every corner in terms of the overall requirement.

Now what normally happens is whenever an engine gets overhauled, all this gets changed. And along with that, there are a couple of other parts also that require a change like the con rods, like the crankshafts and other things. These are some of the components that through our supplier partners, we have been able to develop for specific markets, and we are also trying to sell it through our network using the advantage of our network, and that's really helping us to grow that business.

And we will continue to do that across the market. And we have also, as far as the export part is concerned, as I told you earlier, the business has been affected primarily because of the geopolitical situation and the energy costs and other things, which is leading to a heavy -- very disoriented kind of a price increase across segments in those markets, thereby leading to customers not taking the risk of doing any aftermarket changes. So they continue to run the product with their vehicles and other things for some more time rather than going in for any major overhauls.

So I think this situation will change very soon once there is more stability in the market and geopolitical situation improves. And I think this will happen very soon, hopefully.

Vaibhav Shah: And sir, and on non-automotive, sales business do have anything?

Krishnakumar Srinivasan: See, just to give you a perspective on that, as I said, our business that way, if I take only the SPRL business, that way is now more than 50% derisked because we supply the components to railways, marine engines to various applications, where it is going to be very difficult to electrify, like also some genset applications and also some off-highway applications, harvester applications, etcetera, etcetera. So there are many applications which are not going to get electrified very soon.

So those are all derisked business already, and that component is over 50% now. And on top of it, we have all the new businesses that we have acquired over the last 3, 4 years which as a contribution to our overall turnover is slowly increasing. As I said, the plastics business itself will be almost close to INR500 crores. And in INR3,000-odd crores or INR3,000 plus odd crores overall turnover, INR3,500-odd crores plus turnover. So naturally, it will be a sizable business. And with the 50% derisked business, I think we are in a very, very safe situation today as a Company.

Vaibhav Shah: Sure, sir. And just last -- very quickly one last question if I can squeeze in. If I look at overall the Coimbatore plant, if I remember, you said, it was supposed to be starting in Q4 of this financial year. Are we on track in terms of commissioning and starting or when should we expect a ramp-up from that plant?

Krishnakumar Srinivasan: We have dot on track and happy to state that the plant is coming up really very well. And we are looking at starting by the end of March.

Vaibhav Shah: Perfect. And capex number for this year and next year, if you can share?

Krishnakumar Srinivasan: No, capex numbers, we don't share, but I can tell you, we continue -- as I have always said that we'll continue to invest in both our legacy business for newer products like the hydrogen pistons for very different kind of applications like the 100% ethanol. There are a lot of investments to be done for the rings required for these applications. A lot of investment required to be done for pistons for these applications, including steel pistons.

So we are working on investing in those areas for our legacy business. And also, we'll continue to invest into newer areas in the acquired businesses, both for motors and controllers as well as for the plastic injection molding.

So while we continue all this, the Company is also continuing to look out for further investments and further M&A opportunities, which we are working on. And we will inform the market at the right time.

Moderator: The next question is from the line of Maulik Gandhi from Val-Q Investment Advisors.

Maulik Gandhi: Congratulations on a good set of numbers. My first question was on something you had mentioned in the previous call that the export markets have been slow in the last 2 quarters but majority of the companies have exhausted their stock and are coming back for like improved stocking? So are you still holding on to the view for the next quarter and the subsequent quarters on this? Like I know this quarter wasn't because of the geopolitical situation, but are you holding the view still?

Krishnakumar Srinivasan: No, the view is slightly different now that the markets have come back the coming quarters, we are seeing a slight uptick in the requirement from the customers. As a result, we are hoping that our exports business may not go back to the original level immediately, but it is rising up as compared to the previous 2 quarters. The last 2 quarters were affected, but I think we have been able to cover it up with all our other businesses. And this quarter, we are seeing this increasing. So we are actually looking for a healthy quarter this coming quarter.

Maulik Gandhi: Okay. That's helpful. And my second question was on the fact that considering that you had mentioned that TGPEL and Takahata would be actually synergistic to each other. So like on -- from a growth perspective, how do you see those 2 playing out? Because I think they cater to different segments in the precision injection molding parts. So like how do you see -- this is the first quarter we are consolidating TGPEL into our financials. So going forward, how do you see TGPEL playing out, like the growth of TGPEL?

Krishnakumar Srinivasan: Yes. The good part is both TGPEL and Takahata, they produce parts which are from a product perspective, complementary to each other. So from an overall basket of the plastic injection molded parts, precision plastic injection molded parts. There are not too many common parts that they make for different customers. So between customers also, even if you see the customer base, we find that the customer list is fairly different in both the companies, thereby giving us a very complementary kind of a situation in both these companies.

And secondly, in terms of the product, there is hardly any overlap with all the products because even if they go to the same customer, the products, the customer does not pay a mold cost for both the companies to really produce both the parts, so the same part. So it normally happens that they give one part to one customer and one supplier and the other part to the other supplier. So that way, from a product perspective also, it becomes very complementary.

So with that, what is happening is we are seeing a lot of -- and as I said earlier -- alluded to in the earlier comments that we are looking at many of the components getting into precision plastic injection molded parts, which requires a good amount of change and investments. And we are working in such a way that both the companies will be really full as far as their requirements are concerned in terms of the overall new growth programs.

Maulik Gandhi: Okay. Just a follow-up to this question, like as you had mentioned that the precision injection molding business is margin accretive, especially the TGPEL business. So I know you don't provide guidance, but like would you like on a, let's say, 1-year, 2-year view, would you -- seeing that it would like from some part of our turnover, would you say that the margins would improve going ahead?

Krishnakumar Srinivasan: Yes, they already have a fairly good margin. I think at least the initial figures are already known to the market. So we expect to maintain those margins and -- or if possible, improve it. It's not -- for automotive parts and components, it is not very easy to keep increasing margins continuously, but maintaining the margins in itself is a kind of increase that we can maintain. So I think overall, looking at the synergies and the kind of capacities available, if we are able to not -- if we are able to even defer capex on these parts and use the capacity that is available between these 2 companies, I think we'll have a very marked improvement in our utilization.

Moderator: The next question is from the line of Chinmay Nema from Prescient Capital.

Chinmay Nema: Sir, just wanted some color on the demand in the aftermarket segment. Is there a 1:1 correlation in terms of what we see on the primary sales for the automotive player? Is that segment able to hold on to its own demand? Just some subjective color on what you're seeing?

Krishnakumar Srinivasan: There is absolutely no correlation between the OE sales to the aftermarket requirement. So it's extremely difficult to work out. I think for times and for years together, people have tried getting some kind of correlation, but this year could be x percentage, next year could be y percentage, next year could be z percent. So it's very difficult to really make that out. The best way of answering this is there is going to be always a continuous work, at least in India to see that a vehicle gets used for a pretty long time. And that's what gives us the confidence that the aftermarket will continue for a very long time.

Now when I say even after EV penetration, even if 100% EV penetration takes place, I think the aftermarket will continue for the next at least 15 to 20 years to cater to the existing park that is available of vehicles. Now the park that is available -- the vehicle park that is available today in terms of at least the numbers is over 120 million to 130 million vehicles, both two-wheeler, four-wheelers put together. And on an average, anywhere between 3 to 4 years the vehicle goes for a major overhaul. So there is always -- even if you do a rough math, there's always a continuous -- going to be a continuous demand of overhauling that is going to happen across the country.

The only problem is that it will happen at various points in the country, in various parts of the country, and you need to ensure that your product is available across those parts and those segments of the market. And that is where the fill ratio is very important to ensure that your parts are available. And that's how the touch points are important. So we have been continuously focusing on developing those touch points and growing that aftermarket business.

Chinmay Nema: Understood, sir. So from a -- I mean, not asking for specific numbers, but from a medium- to long-term perspective, is this a double-digit growth business or a single-digit business growth? How do you look at it from a business planning standpoint? If you could share that.

Krishnakumar Srinivasan: No. Normally, it depends purely on the park. So as the vehicle -- see, earlier, we used to make 1 million vehicles, let's say. Today, over the last 10 years, we have grown to 4 million and 5 million and then two-wheelers have grown from 16 million to 20 million. So the park keeps on increasing. As the park keeps on increasing, the aftermarket requirement also keeps on increasing because then the vehicles accordingly after every 4 years or 5 years they come for an overhaul.

So, this trend will not change. I think from an engineering standpoint, the trend will not change, trend will continue. And depending on the usage and other things, it varies, of course, a little bit here and there. But overall, we are able to see a fairly good growth.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to Mr. Krishnakumar Srinivasan: for the closing comments.

Krishnakumar Srinivasan: Yes. Thanks, Alaric. Once again, I think there are a set of really good questions that we got just now. And I think all the members present here today could get a fairly good view of what we are talking about. I once again take this opportunity extending my deepest gratitude to all the participants for attending today's earnings call, even though it's late in the evening. Your participation made the discussion extremely engaging. We remain dedicated in our commitment to growing our business and to our strategic business objectives that we have, and we'll continue to strive for sustained positive outcomes. And I'm very positive that this will -- that we will grow the franchise as we go along.

For any further questions or information, please reach out to our Investor Relations team at Ernst & Young. And on behalf of the Company, I again take this opportunity of thanking you once again and highly appreciate your time and involvement. Please take care, and goodbye. Thank you very much.

Moderator: Ladies and gentlemen, on behalf of Shriram Pistons & Rings Limited, that concludes this conference. You may now disconnect your lines. Thank you.
